



U.S. DEPARTMENT OF STATE

Testimony at Budget Hearing Before the Senate Budget Committee

Secretary Colin L. Powell

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As Delivered

SECRETARY POWELL: Thank you very much, Mr. Chairman. It's a great pleasure to be before the committee again, and I thank you for your gracious words at the beginning of this hearing with respect to the manner in which President Bush and his administration have handled the crisis that engulfed us on the 11th of September last, and I thank you for your personal comments with respect to me. But it is really through me to the wonderful men of the State Department, women of the State Department, who are doing such a great job at our missions and embassies and other facilities around the world. And I know that you travel, all of you travel from time to time, and I know that you share with me the admiration that we all have for the great job they do on the front line of offense of our national security efforts, as I like to say.

And I am pleased, therefore, this morning to have the opportunity to testify in support of President Bush's budget request for the Department for 2003, because it is this support that you have given us in 2002, and that I'm here to defend in 2003, that keeps these men and women motivated, equipped, trained, prepared, ready to do the job that the nation asks of them. And they go into harm's way every day just as much as any one of the men and women of our Armed Forces. They take risks, and sometimes pay with their lives, pay with injuries, as we saw in our newspaper this morning, the story of the gentleman who was seriously injured in the embassy bombing a few years ago, and how he is coming back, and how we have to do a better job of taking care of people such as that brave soldier of the State Department.

As many of you will recall, in my first budget testimony to the committee last March -- and I might digress for a moment, Mr. Chairman, to say that I do have a prepared statement, which I offer for the record. But in my --

SENATOR CONRAD: Without objection, that will be made part of the record.

SECRETARY POWELL: At my first budget testimony to the committee last March, I told you that the resources challenge for the Department of State had become a serious impediment to the conduct of United States foreign policy. I told you that it was a mystery to me how the great people at the State Department had continued to do their job, to do their work so very effectively over the past decade with such a low level of resourcing.

You heard my testimony, and you responded, and we are grateful for that response. As a result, we got a six percent increase in international affairs last year over the previous year, 2001, and this year we are also asking for an increase.

Mr. Chairman, I wish that it was twice as much, three times as much, four times as much, but within the limits that we have placed upon us by the ability of the nation to fund all of our many activities, and after competing within the administration for our allocation of available funds, and recognizing the important needs that the Defense Department has and the new need that we have for Homeland Security, I am rather pleased that we are still able to get a real increase in our budget for this year as well.

I also might point out that even though the statistics you put up are quite correct, and the Danes can be very happy at being at the top of the pile, and we should be a little chagrined that we are only .1 percent of our gross national product, gross development or gross product of our nation. At the same time, the fact that we provide defense for

the free world I think should also be taken into account. We spend more on defense than anyone else, and it is behind that screen of security that we provide for the civilized world that we are able to do the kinds of development activities that I talk about in my budget. And I think some consideration should be given to that, and, frankly, that's why the Defense Department was so deserving of a significant increase this year so that they can continue to perform that vital role for the free world.

With respect to State Department operations, our three principal priorities last year were people, information technology, and embassy construction and security. Let me update you on how we are doing in these areas as I go forward to talk about our priorities in this budget. In new hires for the Foreign Service, we have made great strides. We doubled the number of candidates for the Foreign Service written exam, and this year we will give the exam twice instead of just once. I am absolutely delighted with the turnout we are getting -- youngsters showing up who want to serve their nation as Foreign Service officers or in our Civil Service.

Our new recruits reflect better the diversity of our country, with nearly 17 percent of those who passed last year's written exam being minority members. We have tripled the number of African Americans who have applied for the Foreign Service. We have also improved Civil Service recruitment by creating new web-based recruiting tools and by vigorously asserting the truth, the truth, Mr. Chairman, that we are a team at State and that the Foreign Service and the Civil Service are each important members of that team. And I am creating an environment down there of family and breaking down the barriers that might have existed in the past between what the Foreign Service does and what the Civil Service does. We are all one foreign affairs team serving the nation.

Another improvement is that once we identify the best people, we'll bring them on more quickly. A great boon to hiring the best. For Foreign Service recruits, for instance, we have reduced the time from written exam to entry into the service from 27 months when we came in last year, to less than a year now. And I want to drive it down even further. We don't have time to wait to bring these wonderful youngsters in; they have other opportunities. We want them to see that they are in a fast-moving operation that wants quality people, and we are going to do everything we can to break down all of the walls and barriers that used to exist to accessing people into our service.

We are also working with the Office of Management and Budget to create extensive new performance measures to ensure that the people we hire remain the best throughout their careers. We want to make sure they're motivated, they're trained, they're given leadership training, they're given jobs that excite them, so that it is a team they want to remain a part of for the rest of their career.

With respect to the next priority, information technology, we are well on the way to bringing state-of-the-art hardware and software to the entire Department. We have an aggressive deployment schedule for our unclassified system which will provide desktop Internet access to over 30,000 State users worldwide. And we are deploying our classified connectivity program over the next two years. Our goal is to put the Internet in the service of diplomacy, and we are well on our way to accomplishing that goal.

With respect to construction and security, we are right-sizing, shaping up and bringing smarter management practices to our overseas buildings program, as I told you we would last year. The first change we made was to put retired General Chuck Williams in charge and give him assistant secretary equivalent rank, and now his overseas building operation has developed the Department's first master plan which covers our major facility requirements through Fiscal Year 2007. The Overseas Building Office is using best practices from industry, new embassy templates and strong leadership to lower costs, increase quality, and decrease construction time.

As I told you last year, one of our goals was to reduce the average cost to build an embassy, and I believe we are well on our way to doing that. And General Williams is making all of our facilities, overseas and stateside, more secure. By the end of 2002, over two-thirds of our overseas posts should reach minimal security standards, meaning secure doors, windows and perimeters.

We're also making progress in efforts to provide new facilities that are fully secure, with 13 major capital projects in design or construction; another eight expected to begin this fiscal year; and nine more in 2003. Mr. Chairman, all of these activities have improved morale at the State Department. Our people see things happening, things that enhance their quality of life, their security, their ability to do their jobs.

Things like our Interim Child Care Center at the National Foreign Affairs Training Center. It opened on September 4th, and can handle a full complement of 13 infants and toddlers. Not something you would think a Secretary of State should worry about on a daily basis, but we do, because it's important to the morale and welfare of the family members of the State Department team.

This idea of teamwork, this idea of family, and the quality of life that must always nourish it, even in the remotest stations, is uppermost in our minds at the Department. While we concentrate on the nation's foreign affairs, we must also focus on taking care of those Americans who conduct it, as well as the many thousands of Foreign Service Nationals who help us around the world.

The Foreign Service Nationals, not often spoken about, are an extraordinary group of people, Mr. Chairman. For example, our 60 Afghan employees in Kabul worked diligently to maintain and protect our facilities throughout the 13 years that the embassy was closed. They worked at personal risk; we made sure they got their pay coming to them. They repaired the chancery roof when a rocket attack hit it. They did everything to make sure that they were ready for us when we returned.

In fact, I love to tell the story of going to the embassy a few weeks ago and congratulating them and thanking them, and having our charge there, Ryan Crocker, tell me that in the garage, in the basement of the building, they maintained all of our vehicles, so that after all those years, when we were finally able to open it up, and those vehicles were brought out, all they needed was a charged battery, and they all started up. And the joke in this story is that if you want to see the finest fleet of 1985 Volkswagen Passats in the world, they are located at American Embassy Kabul, and waiting for your use when you have a chance to visit, Mr. Chairman.

But it's a team. It's the Foreign Service, Civil Service, Foreign Service Nationals, all coming together. That is why, for 2003, I will continue to drive these priorities. And I am going to be relentless as the CEO of the State Department, as well as the Secretary of State worrying about foreign policy. So let me speak first as the CEO.

The President's request for the Department of State and related agencies for 2003 is \$8.1 billion. These dollars will allow us to continue to recruit, hire, train, and deploy the right workforce. The budget request includes \$100 million for the next steps in the hiring process that we began last year. With these dollars, we will be able to bring on board 399 more foreign affairs professionals, and be well on our way to repairing the large gap that exists in our personnel structure.

We will also continue to upgrade and enhance our worldwide security readiness, even more in light of our success in disrupting and damaging the al-Qaida terrorist network. The budget request includes \$553 million that builds on the funding provided from the Emergency Response Fund for the increased hiring of security agents and for counter-terrorism programs.

We will also continue to upgrade the security of our overseas facilities. The budget request includes over \$1.3 billion to improve physical security, correct serious deficiencies that still exist, and provide for security-driven construction of new facilities at high-risk posts around the world.

I might, as an aside, mention especially for Senator Gregg that General Williams has reported to me that the average cost of our embassy has been driven down some 20 percent as a result of the efforts he has made, and the work of his office over the past year.

Next, we will continue our program to provide state-of-the-art information technology to our people everywhere, as I mentioned earlier. And we have included \$177 million for that purpose.

We want to continue to enhance our educational and cultural exchange programs. The budget request includes \$247 million for strategic activities that build mutual understanding and develop friendly relations between America and the peoples of the world. Such activities have gained a new sense of urgency and importance since the brutal attacks of September. We need to teach the world more about America, about our values system, what we believe in. President Bush, in his State of the Union address, at the very tail end of the address, talked about values, values that are not just American values, values that we believe are universal. And in order to share these values with the rest of the world, we have to do a better job with our educational and cultural exchange programs.

We want to continue to meet our obligations to international organizations, which are also important in our war on terrorism. The budget request includes \$891 million to fund US assessments to 43 international organizations, active membership of which furthers US economic, political, security, social and cultural interests. We want to continue to try to meet our obligation to international peacekeeping operations. The budget request includes \$726 million to pay our projected United Nations peacekeeping assessments, all the more important as we seek to avoid increasing even further our UN arrearages. And Mr. Chairman, I ask for your help in getting the cap lifted so that we can eventually eliminate all of the arrearages.

We want to also strengthen and enhance our public diplomacy effort. This goes along with our cultural exchange program, but we've got to do a better job in public diplomacy to eliminate support for terrorists, and to deny them safe haven in countries where they are still received as some sort of false hero. The budget includes almost \$518 million for international broadcasting, of which \$60 million is for the war on terrorism. This funding will enable the Voice of America and Radio Free Europe, Radio Liberty to continue increased media broadcasts to Afghanistan and the surrounding countries, and throughout the Middle East. These international broadcasts help inform local public opinion about the true nature of al-Qaida, and the purposes of the war on terrorism, helping to build support for the coalition's global campaign.

Mr. Chairman, let me just touch a little bit more on our public diplomacy efforts. The terrorist attacks of September 11th underscored the urgency of implementing an effective public diplomacy campaign. Those who abet terror by spreading distortion and hate and inciting others to take full advantage of the global news cycle. We have to do the same thing.

Since September 11th, there have been over 2,000 media appearances by State Department officials. Our continuous presence in Arabic and regional media by officials with language and media skills has been unprecedented. Our international information website on terror is now on-line in seven languages. Internet search engines show it is the hottest page on the topic. Our 25-page color publication, *The Network of Terrorism*, is now available in 30 languages, with many different adaptations, including a full insert in the Arabic edition of *Newsweek*.

When the President gave his State of the Union speech, we had it simultaneously translated as he was speaking and fed down on all of our websites and other media outlets throughout the world. And within an hour and a half after he was finished, we had a translated hard copy into seven different languages, and had it downloaded all over the world. Right content, right format, right audience, right now, describes our strategic aim in seeing that US policies are explained and placed in the proper context in the minds of foreign audiences.

Mr. Chairman, all of the State Department and related agencies, programs and initiatives that I have touched on, and so many others that are in the budget, are critical to the conduct of America's foreign policy. And so as the State Department CEO, let me thank you again for what you have done to help us create such a first-class offense. And I want to ask you to continue your excellent support so we can finish the job of bringing the Department of State and the conduct of America's foreign policy into the 21st century.

Now, let me turn, Mr. Chairman, to the budget request for foreign operations. Over the past year, I believe the broader tapestry of our foreign policy has become clear: to encourage the spread of democracy and market economies, and to bring more nations to the understanding that the power of the individual is the power that counts. And when evil appears to threaten this progress, America will confront the evil and defeat it, as we are doing in the war on terrorism.

In weaving this tapestry, we have achieved several successes in addition the successes of the war on terrorism, and the regional developments that skillful pursuit has made possible. We talk about terrorism all the time, but we shouldn't overlook how much we have improved our relations with Russia, set a new and smoother course with China, the two major accounts that we really have to focus on. Russia, that land still of 11 time zones, nuclear armed, but it has left the Soviet Union days behind. It wants to come West. It wants to be part of NATO-Russia at 20. It wants to integrate itself into the economies of the West. It still wants to have good neighborly relations with China, and it still worries about the nations to its south. But it knows its future lies to the West, and it is cooperating with us in ways that we might not have imagined just a year ago, cooperating with us on the campaign against terrorism. We are able to move US troops throughout Central Asia by telling the Russians that we are there to defeat a common enemy, terrorism, fundamentalism, not to threaten Russia's southern flank.

I'm able to talk to my Russian counterpart three, four, five times a week. We no longer even ask for talking points from our staff. My staff knows what I do now. I just call out to the front office, "Get Igor on the phone." And within a few minutes, Igor's on the phone, Foreign Minister Ivanov. And we talk, and he doesn't delay the phone call waiting for his talking points from the staff. We know what is in each other's mind; we know what our two presidents want us to do to make this a stronger, better relationship.

President Putin and President Bush have the same kind of relationship, and you saw it pay off when we faced the challenge of the ABM Treaty last fall. They disagreed; they thought we made a mistake by saying that we were going to leave the ABM Treaty. We thought they were wrong. We exchanged those views. At the end of the day, we agreed to disagree. And as President Putin said to me when I was explaining to him the President's decision and how we were going to implement it, and choreographing with him what we would say, what they would say, he would say, fine, we disagree, but our strategic relationship is far more important than this disagreement. And now this

disagreement is behind us; let's move forward, and let's move forward to cut those strategic offensive forces that really threaten to kill people. And we will discuss more defenses which protect people.

And so we have a strong relationship with Russia, and we're trying to develop a similar one with China. And we've had considerable success. People thought we were in trouble last April when we had the incident with the reconnaissance plane that the Chinese ran into, and our plane landed at Hainan Island. But we got through that in a couple weeks' time. We got our plane back. I had a successful trip last summer, after this incident took place. And then the President had a very successful trip when he went to Shanghai for the APEC Summit. And he is looking forward to another successful meeting with President Jiang Zemin next week when we go to China again.

The same applies to our relationship with Japan and Korea, and our other friends in the region. They are all solid, and they are all growing. The President is looking very much forward to visiting South Korea, to show that the bond between us and the South Koreans is as strong as ever. He will talk about North Korea, he will talk about the hope he has for North Korea: that someday the North Korean people will enjoy the kind of life that South Koreans have; his hope that one day a way will be found for these two nations to once again be one people. They have been one people for most of their recorded history. And he will show his support for the policies of the South that are encouraging the North to come out of its isolation.

But at the same time, we will not shrink from pointing out the nature of the North Korean regime. It is a regime that does things that do not benefit its own people. They develop weapons, weapons that they sell to other nations that are not interested in helping their own people. And so the President has clearly identified the nature of this regime, but at the same time he has also said to the North Koreans, as he has said to the South Koreans, we are ready to talk to the North Koreans. We are ready for dialogue, anytime, anyplace, anywhere, with no preconditions. I repeat that again this morning, as the President will next week in Korea. And we hope that the North Koreans will take us up on it.

We want dialogue. But at the same time, we will not deny the obvious truth as to the nature of that regime. And we will not step back from talking about programs that they have and things that they are doing which is not in the interest of the civilized world.

And so I think we have demonstrated that we are anxious to reach out to the world. We are not unilateralists pulling back; the President is going to Asia. The President has been to Europe several times. There is a steady stream of visitors in to see the President. Look at my calendar any week you wish to, Mr. Chairman, and you will see how many foreign leaders that I meet with.

But where there is a matter of principle, where we believe strongly about something and we have to stick by our principles, we will do that, and lead, and try to convince others to go with us. This isn't unilateralism; this is leadership. And our friends, I think, are increasingly coming to the understanding that this is principled leadership, the kind that they should respect, follow where they think it is appropriate to follow, and where they think it is not appropriate to follow, let them make their own individual sovereign choice.

But we are committed to the great alliances of which we are a part. And nowhere is that more the case than in Europe, where the President is looking for the opportunity to expand NATO at the Prague Summit later this year; where he is anxious to bring Russia into NATO, Russia at 20, hopefully by the Reykjavik ministerial meeting this spring -- Prague in the fall.

We are active with our partners in the European Union to improve economic conditions for all the nations of Europe. And you can see that through the President's free trade agenda, we are anxious to reduce trade barriers so that nations around the world can not just sit around waiting for aid, but can trade. Trade is better than aid, and they can all start moving up out of the poverty that afflicts so many of the nations of the world.

The President has the same view with respect to our own interests here in the Western Hemisphere. His agenda includes a Free Trade Area of the Americas. It includes passing Andean trade preferences again, so that we can help our friends in the Andean region. He wants a United States-Central America free trade agreement. He is going to the conference in Monterey next month on development assistance. And so we are engaged everywhere throughout the world.

And I would be remiss if I didn't talk about Africa, because it is an area that the President is also deeply interested in. The Africa Growth and Opportunity Act, we want to see that enhanced. We had the first forum on that act here in the United States last fall, right after September 11th. It was the first international meeting we had right after September 11th, and that was to bring over 30 African leaders to the United States to talk about trade. He is looking

forward to sending a strong delegation to the World Summit on Sustainable Development in Johannesburg, and demonstrating to Africa, the northern part of Africa and especially sub-Saharan Africa, our interest in the continent.

And nowhere, I think, is that more obvious than in what we are doing with HIV/AIDS. \$500 million over the last year alone for the global trust fund, in addition to many, many hundreds of additional millions of dollars on internal HIV/AIDS programs and other bilateral assistance that we provide to countries that are fighting this scourge.

Mr. Chairman, all of these items and areas that I have touched on take money. And I think you will find in our budget a reasonable balance in light of the fiscal circumstances that the country finds itself in. And I am pleased that we were able to get real growth in our budget this year, and a number of our accounts have been able to go up. Some accounts have gone down, but, for the most part, I think we can make a case for why those accounts have gone down.

So I am optimistic about the world that is ahead of us. We have a coalition fighting terrorism. With the major countries of the world, we have good relations. But there are still some very troubling areas.

The Middle East is a problem that dominates part of my day every day, as we work hard to get a cease-fire in place to implement the Mitchell peace plan. The President remains engaged; he met with Prime Minister Sharon last week. We are in contact with Chairman Arafat and his closest associates, to try to get more movement with respect to the arrests of terrorists, with respect to an accounting for the Karine A, that ship that had the arms aboard it. And Chairman Arafat wrote me a somewhat positive letter on this subject two days ago, a letter which we are now examining.

The President will not rest until we get into a cease-fire, get negotiations started. And we still have as the American vision two states living side by side in that troubled land, one a Jewish state called Israel, the other a Palestinian state called Palestine.

We still have a problem with nations such as Iran and Iraq. The President did not shrink from describing the nature of those regimes as he talked about the "axis of evil." I don't think I need to spend a lot of time in Iraq. We continue to develop sanctions, improve our sanctions regime toward Iraq to make sure that they do not succeed in their horrible quest to develop weapons of mass destruction. And we also are examining options with respect to regime change because the people of the region and the people of the world and the people of Iraq will be better off with a new regime.

And with respect to Iran, we have offered the Iranians dialogue. We do have ways of speaking to them, even though we don't have diplomatic relations with them. We are in touch with them. We do talk to them. I have taken note of the fact that they have played a helpful role in the Bonn conference that set up the Interim Authority in Afghanistan. They played a helpful role in the Japanese reconstruction conference. And I thank them for that helpful role but, at the same time, we see the Iranians doing other things in Afghanistan that are troubling, and we are going to call them to account for these things, whether it's trying to gain undue influence or introduce arms into western Afghanistan or by their attitudes towards the Karzai government. And we have to take note of the fact that Iran continues to develop weapons of mass destruction and the means to deliver them.

And by not shrinking from this reality, but calling this reality exactly what it is, I don't think this is a way of threatening the people of Iran. We want the best for the people of Iran. But at the same time, we must not shrink from the nature of the leadership, the unelected leadership of this country, and we should hope that the elected leadership of this country, which I believe holds views that are more beneficial to the people of Iran, will in due course see that their views prevail.

And so I know you touched on the "axis of evil" earlier, Mr. Chairman. I wanted to end my prepared testimony by responding in kind by saying that I think this is a clear-headed, realistic policy. Even though it has caused some distress here and there, I think it is understood by most people, and I think most people understand the President is not looking for a war; we're looking for peace. But you don't find peace by sticking your head in the sand and ignoring evil where it exists, and I think President Bush has shown leadership in pointing it out so clearly and in the actions we have taken previously and the policies that we are following to see if dialogue is possible, to see if peaceful solutions are possible, but at the same time not ignore our ultimate responsibilities if diplomacy and political action is not successful.

Thank you, Mr. Chairman.

[End]

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